## BUDGET RESOLUTION/\$84 Billion New Tobacco Tax for Medicare-NIH

SUBJECT: Senate Concurrent Budget Resolution for fiscal years 1996-2002 . . . S. Con. Res. 13. Exon motion to waive the Budget Act for the Exon (for Bradley) amendment 1193.

## **ACTION: MOTION TO TABLE AGREED TO, 62-38**

SYNOPSIS: As reported, S. Con. Res. 13, the fiscal year 1996 Concurrent Budget Resolution, will reduce projected spending over 7 years to balance the budget by fiscal year (FY) 2002 without increasing taxes. Savings that will accrue from lower debt service payments (an estimated \$170 billion) will be dedicated to a reserve fund, which may be used for tax reductions after enactment of laws to ensure a balanced budget. Highlights include the following: the rate of growth in Medicare will be slowed to 7.1 percent; Medicaid's rate of growth will be slowed to 5 percent and it will be transformed into a block grant program; the Commerce Department and more than 100 other Federal programs, agencies, and commissions will be eliminated; welfare and housing programs will be reformed; agriculture, energy, and transportation subsidies will be cut; foreign aid will be cut; defense spending will be cut and then allowed to increase back to its 1995 level; and Social Security will not be altered.

**The Exon (for Bradley) amendment** would express the sense of the Senate that the Finance Committee, in meeting its revenue instructions, should increase the Federal cigarette tax by \$1 per pack, tax smokeless tobacco products at the same rate as cigarettes, and increase the tax on all other tobacco products by a factor of 5.1667, and that the resulting \$84.330 billion in new taxes should be spent as follows:

- \$75.900 billion to offset the reduction this resolution will make in the rate of growth in Medicare (this resolution will slow the program's growth to twice the inflation rate);
  - \$7.900 billion to increase the resolution's proposed funding levels for the National Institutes of Health (NIH); and
  - \$530,000 to attempt to get tobacco growers to grow other crops.

The amendment was offered after all debate time had expired. However, some statements on amendments were added to the record or were made before the amendments were offered and before debate time had expired. Also, by unanimous consent, 1 minute of time was allowed on each amendment for explanatory statements before each vote. Senator Ford moved to table the amendment.

(See other side)

	<b>YEAS</b> (62)		N/	NAYS (38)		NOT VOTING (0)	
	Republicans	Democrats	Republicans	Democrats	Republicans	Democrats	
	(44 or 81%)	(18 or 39%)	(10 or 19%)	(28 or 61%)	(0)	(0)	
Abraham Ashcroft Bond Brown Burns Campbell Coats Cochran Coverdell Craig D'Amato DeWine Dole Domenici Faircloth Frist Gorton Gramm Grams Grassley Gregg Helms	Hutchison Inhofe Kassebaum Kempthorne Kyl Lott Mack McCain McConnell Murkowski Nickles Packwood Pressler Roth Santorum Shelby Smith Stevens Thomas Thompson Thurmond Warner	Akaka Baucus Breaux Byrd Conrad Daschle Dodd Dorgan Exon Ford Heflin Hollings Inouye Johnston Kerrey Nunn Robb Rockefeller	Bennett Chafee Cohen Hatch Hatfield Jeffords Lugar Simpson Snowe Specter	Biden Bingaman Boxer Bradley Bryan Bumpers Feingold Feinstein Glenn Graham Harkin Kennedy Kerry Kohl Lautenberg Leahy Levin Lieberman Mikulski Moseley-Braun Moynihan Murray Pell Pryor Reid Sarbanes Simon Wellstone	1—Offic 2—Nece 3—Illne: 4—Othe SYMBO AY—Ar	r LS: mounced Yea mounced Nay ired Yea	

VOTE NO. 223 MAY 25, 1995

Generally, those favoring the motion to table opposed the amendment; those opposing the motion to table favored the amendment.

## **Those favoring** the motion to table contended:

The Bradley amendment would raise the Federal tax on tobacco by 1100 percent. This enormous increase, assuming that tobacco consumption practices would not change, would raise \$84 billion in new taxes. If our colleagues favor passing a deliberately punitive, enormous tax hike, they will vote in favor of the Bradley amendment. We, however, strongly support the motion to table.

## **Those opposing** the motion to table contended:

By discouraging tobacco use, decreasing Medicare cuts, and restoring the NIH budget to its current projected spending level, the Bradley amendment presents a win-win-win situation to the Senate. Tobacco addiction is a national scourge that claims 400,000 lives per year. Passing this huge new tax should discourage children and teenagers from beginning tobacco use, and should encourage current users to quit. By itself, the tobacco tax is meritorious and should be passed. However, when one sees how the Bradley amendment would propose to spend the revenue gained from taxing tobacco, it becomes even more irresistible. It would restore \$76 billion to Medicare spending. Our colleagues may say that they are only slowing the rate of growth in Medicare spending, but we say that their proposal will cost each senior citizen an average of \$3,447 over the next 7 years. The Bradley amendment would reduce that amount to \$2,413. Additionally, the Bradley amendment would increase NIH spending to the amount that it is currently projected to spend. The NIH reports that each \$1 in research it does results in a \$2 to \$3 return to the economy in lower health care spending. Clearly, it is penny-wise and pound-foolish to reduce NIH spending. We are pleased with all the priorities in the Bradley amendment, and thus oppose the motion to table.